

	Officer Key Decision
	Report to the Corporate Director, Finance and Resources
Authority to enter contract for the purchase of 294 Homes at Fulton Road, Wembley, HA9 0TF	

Wards Affected:	Wembley Park
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Appendix 1 – Site Plan Appendix 2 – Fulton Road CGI
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Tanveer Ghani Director of Property & Assets Tanveer.Ghani@brent.gov.uk

1.0 Purpose of the Report

- 1.1 In February 2023, Cabinet approved the purchase of a long 999-year leasehold interest (less 3 days) in 294 homes (flats) located on the former Euro Car Parts site, Fulton Road, Wembley, HA9 0TF.
- 1.2 As part of this approval, Cabinet delegated authority to Corporate Director of Finance & Resources in consultation with the Lead Member for Finance, Resources & Reform to negotiate, agree the terms and thereafter enter into an agreement for leases and a development funding agreement. The agreement will enable the Council to purchase the 294 homes by way of a long lease of 999 years (less 3 days).
- 1.3 Following negotiation and agreement of the purchase terms, this report seeks authority to enter into an agreement for leases (with Crown Venture GP LLP and Crown Venture Nominee Limited) and the development funding agreement (with Regal Homes Management Limited as the developer and Crown Venture GP LLP and Crown Venture Nominee Limited, as Seller) in order to acquire the leasehold of the 294 homes.

2.0 Recommendation(s)

That the Corporate Director, Finance and Resources in consultation with the Lead Members for Finance, Resources and Reform:

- 2.1 Approves entry into an agreement for leases and development funding agreement with the above-named parties for the purchase of a 999-year leasehold interest (less 3 days) in 294 homes (flats) located on the former Euro Car Parts site, Fulton Road, Wembley, HA9 0TF.
- 2.2 Notes that under the contract referred to in 2.1 above, the payment terms agreed with the developer/seller are as follows:
 - 22.5% payable upon delivery of ‘golden brick’ milestone for Block E - £21.55m
 - 12.5% payable upon delivery of golden brick’ milestone for Block D - £8.039m
 - 65% to be payable via monthly valuations - £54.951m

3.0 Detail

- 3.1 The former Euro Car Parts site, Fulton Road is approximately 1.2 Ha and has been allocated for a mixed use residential led development within the Brent Local Plan 2018 and Wembley Area Action Plan (WAAP).
- 3.2 In March 2022, planning permission was obtained for a mixed development including 759 homes, commercial use space, public realm improvements and a new access road through the site.
- 3.3 Regal Homes Management Limited Regal Homes Management Limited (the “Developer”) and Crown Venture GP LLP and Crown Venture Nominee Limited (together “Seller”) are seeking a buyer for 294 homes that are being sold as a package across Blocks D and E. The breakdown of the 294 homes is as follows:

London Living Rent Unit (LLR) Unit Mix – Block D	
1 Bed	53
2 Bed	29
3 Bed	36
Total	118

London Affordable Rent (LAR) Unit Mix – Block E	
1 Bed	35
2 Bed	85
3 Bed	56
Total	176

- 3.4 From a housing demand perspective, there are currently 799 households living in Temporary Accommodation that have a 1-bedroom need. This is higher than 2-bedroom demand at 692 and 3-bedroom remains the highest at 1,096. It

should be noted that there are 92 x 3-bed homes included within the unit mix and therefore over 30% of the total 294 homes being acquired are to meet the needs of families. This highlights the benefit that Fulton Road as a development will bring in meeting current housing demand. Based on the agreed purchase price of £84.54m, the Council will be paying an average purchase price of under £290k for each home.

- 3.5 Since Cabinet approval in February 2023, officers have been working with the developer and seller to finalise the terms and conditions for completing this acquisition and carry out the necessary Financial and Legal due diligence prior to contract exchange. Officers also secured grant funding from the Greater London Authority (GLA) at a value of £28K per home and the agreement that LLR homes will be rented in perpetuity rather than switching to shared ownership after 10 years of renting.

Next Steps

- 3.6 Subject to completing the leasehold acquisition of the 294 homes, Brent will appoint an Employers Agent to act as the Council's Client Representative on this project, supervise the construction programme, ensure the 294 homes are built to our requirements and validate monthly payments to the developer. The target handover date for practical completion of the 294 homes is July 2025.

4.0 Financial Implications

- 4.1 The total cost of the scheme including professional fees and disbursements is forecast to be £85.6m.
- 4.2 To ensure the scheme's viability, the provision of homes at London Affordable Rent (LAR) is being subsidised by the inclusion of homes at London Living Rent (LLR). Both tenure types will enable the Council to claim £28k per home in grant from the GLA to support the delivery of affordable housing totalling £8.2m.
- 4.3 The level of service charge for the maintenance of communal areas of the development will include lifts, lighting and general maintenance and repairs in both blocks.
- 4.4 It has been assumed that the Council will receive 100% Stamp Duty Land Tax (SDLT) relief based on the assumption that:
- (a) The Council is deemed to be a relevant housing provider that is controlled by its tenants; and
 - (b) The application of GLA grant receipts meets the requirements of a qualifying public subsidy.
- 4.6 The homes will be held in the Housing Revenue Account and the LLR homes will be leased to a Council owned subsidiary.

5.0 Legal Implications

- 5.1 Sections 9 and 17 of the Housing Act 1985 (the 1985 Act) give Council powers to provide accommodation:
- Section 9(1)(b) of the 1985 Act provides that a local housing authority may provide housing accommodation by acquiring houses; and
 - Section 17(1)(b) of the 1985 Act provides that a local housing authority may acquire houses, or buildings which may be made suitable as houses, together with any land occupied with the houses or buildings.
- 5.2 The units will be purchased pursuant to part II of the 1985 Act. Accordingly, section 32 of the 1985 Act states that the demise of housing that has been acquired for the purpose of part II of the 1985 Act may require the Secretary of States Consent for the subletting of the 118 x LLR units to a Council owned subsidiary.
- 5.3 The Council's legal department will undertake all the necessary due diligence prior to exchange of contracts. Accordingly, all the necessary searches and Title information will be examined prior to entering the contract to ensure that the Council will acquire the property with good and marketable title.
- 5.4 Officers propose the tendering and award of contracts for professional services relating to the construction supervision of the 294 homes that will be transferred to Brent Council. For both Low Value and Medium Value Contracts, the relevant Corporate Director has delegated authority pursuant to paragraph 9.5 of Part 3 of the Constitution to authorise the procurement of such contracts and award the contracts.

6.0 Equality Implications

- 6.1 Pursuant to s149 Equality Act 2010 (the "Public Sector Equality Duty"), the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act.
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,
- 6.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

- 6.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 6.5 The proposals in this report have been subject to screening and no adverse equality implications have been identified.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 The February 2023 Cabinet paper that sought approval to acquire the 294 homes, was circulated to all Ward Members.
- 7.2 Follow up consultation with the Lead Member for Finance, Resources & Reform, has taken place prior to making this decision in relation to the Recommendations.
- 7.3 As part of the Council's construction supervision of this site, further engagement will be undertaken with Ward Members and key stakeholders to address any issues as/when necessary.

8.0 Human Resources / Property Implications

- 8.1 There are no further property implications or human resources implications in relation to this report.

relevant documents: Cabinet Paper, February 2023: Acquisition of 294 Homes at Fulton Road, Wembley

Report sign off:

Tanveer Ghani

Director of Property & Assets